



**Testimony of Connecticut Children's Medical Center  
to the Insurance and Real Estate Committee regarding  
*SB 23, An Act Requiring Site-Neutral Payments for Health Care Services*  
February 7, 2017**

Senator Larson, Senator Kelly, Representative Scanlon, members of the Insurance and Real Estate Committee, thank you for the opportunity to share our thoughts about *SB 23, An Act Requiring Site-Neutral Payments for Health Care Services*. Connecticut Children's Medical Center opposes SB 23.

Before commenting on the bill, here is some background about Connecticut's only hospital dedicated exclusively to children. Connecticut Children's is a nationally recognized, 187-bed not-for-profit children's hospital serving as the primary pediatric teaching hospital for the University of Connecticut School of Medicine and the Frank H. Netter MD School of Medicine at Quinnipiac University, as well as a research partner of The Jackson Laboratory.

Families across the region rely on our ability to deliver the highest level of care. When another hospital is unable to provide what a child requires, we are ready to help. Last year, 3,906 patients required a transfer to Connecticut Children's from another hospital in order to obtain the high level of specialized pediatric care they needed.

Through our Office for Community Child Health, Connecticut Children's ensures that families have access to a comprehensive system of community programs and services that supports them in promoting their children's optimal healthy development. Our programs tackle critical contemporary issues in children's day to day lives that can adversely affect their health and development including asthma, home hazards, domestic violence, teen driving safety, teen suicide prevention, and sexually transmitted diseases. Visit our Advancing Kids blog at <https://advancingkids.org/>

SB 23 would require payments for the provision of healthcare services by health insurers to healthcare providers to be site-neutral.

We rely heavily on hospitals to provide 24/7 access to care for all types of patients, to serve as a safety net provider for vulnerable populations, and to have the resources needed to respond to disasters. These roles are not funded explicitly; instead, they are built into a hospital's overall cost structure and supported by revenues received from providing direct patient care. Hospitals are also subject to more comprehensive licensing, accreditation, and regulatory requirements than other care settings.

SB 23 does not recognize this complex funding and regulatory scheme.

The Medicare program has set forth specific criteria to determine when the provision of that service is hospital-based and when it is simply a physician office service. When it meets the tests to be hospital-based, the service is entitled to a higher level of Medicare funding, which is

accorded in recognition of the fact that the hospital is a more expensive place to deliver care and is held to a higher regulatory standards.

Regulatory Requirements/Roles	Hospital Outpatient Department	Ambulatory Surgery Center	Physician Office
24/7 Standby Capacity for ED Services	✓		
Back up for Complications Occurring in Other Settings	✓		
Disaster Preparedness and Response	✓		
EMTALA Requirements	✓		
Uncompensated Care/Safety Net	✓		
Teaching/Graduate Medical Education	✓		
Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	✓		
Required Government Cost Reports	✓		
Equipment Redundancy Requirements	✓		
Stringent Building Codes (ventilation systems, hallway widths, ceiling heights, etc.)	✓		
Infection Control Program	✓	✓	
Quality Assurance Program	✓	✓	
Joint Commission Accreditation	✓	✓	
Life and Fire Safety Codes	✓	✓	✓
Malpractice Insurance	✓	✓	✓
Admin Staff/Billing	✓	✓	✓
Medical Supplies	✓	✓	✓
Nurses	✓	✓	✓
Space and Utilities	✓	✓	✓

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SB 23 could increase the cost of healthcare by requiring health insurers to pay non-hospital-based providers the hospital rate but not require them to comply with all the hospital standards or care for all regardless of their ability to pay. Health insurers know and understand the differences between provider types and the appropriate level of funding is properly determined by contract.

Alternatively, SB 23 could result in decreased reimbursement at a time when Connecticut Children's is already projected to spend \$68 million more caring for patients who rely on Medicaid than we will receive from the State, with total payments covering only 66% of the costs. Adding to the underfunding of Medicaid will compromise our ability to provide the care that children need. Connecticut Children's must forge a strong partnership with the State so we can continue to provide the care that is critical for Connecticut's future.

Thank you for your consideration of our position. If you have any questions about this testimony, please contact Jane Baird, Connecticut Children's Senior Director of Government Relations, at 860-837-5557.